

**DEPARTMENT OF ECONOMICS
DELHI SCHOOL OF ECONOMICS
UNIVERSITY OF DELHI**

Minutes of Meeting

Subject : B.A. (Hons.) Economics, Fifth Semester (2013)
Course : 17 - Public Economics
Date of Meeting : Tuesday, 23rd July, 2013 11.30 A.M.
Venue : Department of Economics, Delhi School of Economics,
University of Delhi, Delhi – 110 007
Chair : Prof. Pulin B. Nayak

Attended by:

- 1) Deepti Taneja—DCAC
- 2) Deepika Srivastava—LSR College
- 3) Devendra Kumar—JDM
- 4) Divya Gupta—Daulat Ram
- 5) Uma—Lakshmi Bai
- 6) Gurleen Kaur—Sri Guru Gobind Singh College of Commerce
- 7) Daisy Sales—JMC
- 8) Khirod Km. Chaudhary—Deshbandhu College
- 9) A. Sunil Dharam--Motilal Nehru College (Morning)
- 10) Surajit Deb—RLA College (E)
- 11) Supriti Mishra—Shyam Lal College(Morning)
- 12) Nalini Panda—IP College
- 13) Rashmi Chaudhary—Kalindi College
- 14) Anamitra Roy Choudhary—St. Stephen's College
- 15) Avni Gupta—Miranda House
- 16) Mridula Bhaita—Satyawati College (Morning)
- 17) Iti Tripathi—Shivaji College

The Following Points were decided upon:

- 1) The Question Paper would have the following structure:
 - Part A would have a weightage of 45 marks, where students will have to attempt any 3 out of given 5 questions
 - Part B would have a weightage of 30 marks, where students will have to attempt any 2 out of given 4 questions

For the 100 marks paper, there would be

- 75 marks : University Exam
- 25 marks : Internal Assessment (*5 marks are for attendance and 20 marks for two class tests of 10 marks each*)

Based on the Suggestions, the Reading List for Semester V (2013: July to December) is as follows:

Part I: PUBLIC ECONOMICS THEORY

I.1 Fiscal Functions: An Overview

- 1) R.A. Musgrave and P.B. Musgrave, *Public Finance in Theory & Practice*, 5th edition, Chapter 1

I.2 Public Goods: Definition, Models of Efficient Allocation, Pure and Impure Public Goods, Free Riding

- 1) John Cullis and Philip Jones (1998), *Public Finance and Public Choice*, Chapter 3 (Sections: 3.1 to 3.5.2)
- 2) Joseph E. Stiglitz, *Economics of the Public Sector*, 3rd Edition, Chapter 6, Pp. 127-141
- 3) R.A. Musgrave and P.B. Musgrave, *Public Finance in Theory & Practice*, 5th edition, Chapter 5, Sections A—C (Pp. 59-67) [For Analysing Paul Samuelson's Diagrammatic Exposition of a Theory of Public Good]

I.3 Externalities: The Problem and its Solutions, Taxes versus Regulation, Property Rights, the Coase Theorem

- 1) Harvey Rosen (2005), *Public Finance*, Chapter 5
- 2) P. Richard G. Layard, Alan Arthur Walters, *Microeconomic Theory*, 1987, Chapter 6 [**For Teachers**]
- 3) Ronald H. Coase (1960), "The Problem of Social Cost" in *Journal of Law and Economics* 3 (1), Pp. 1–44 [**For Teachers**]

I.4 Taxation: Its Economic Effects; Dead Weight Loss and Distortion, Efficiency and Equity Considerations, Tax Incidence, Optimal Taxation

1. R.A. Musgrave and P.B. Musgrave, *Public Finance in Theory & Practice* 5th edition, Chapter 13, Chapter 14 (pp. 234—242), Chapter 15 (pp. 249—257)
2. Joseph E. Stiglitz, *Economics of the Public Sector*, 3rd Edition, Chapter 19 (Pp. 518-537—till Fig. 19.13), Chapter 20 (Pp. 550 to 562)

Part II: INDIAN PUBLIC FINANCES

II.1 Tax System: Structure and Reforms

- 1) M. Govind Rao (2005), "*Tax Reform System in India: Achievements and Challenges Ahead*", Journal of Asian Economics, Vol. 16, Issue 6, Pp. 993-1011
- 2) Mahesh Purohit (2007), "*Value Added Tax: Experiences of India and Other Countries*", Chapter 1
- 3) Deepa S Vaidya, K Kanagasabapathy (2013), "*Reform of Indirect Taxes: Hurdles before the GST*", Economic and Political Weekly, June 29, 2013, Pp. 79-81
- 4) J V M Sarma, V Bhaskar (2012), "A Road Map for Implementing the Goods and Services Tax", Economic and Political Weekly, August 4, 2012, Pp. 68-75
- 5) M. Govind Rao and Kavita Rao (2009), "*Direct Tax Code: Need for greater reflection*", Economic and Political Weekly, September 12, 2009, Pp. 35-38

II.2 Budget, Deficits and Public Debt

- 1) M.M. Sury (1990), *Government Budgeting in India*, Chapter 2
- 2) Raja J. Chelliah (1993): *The Meaning and Significance of the Fiscal Deficit*, in Amaresh Bagchi (ed): *Readings in Public Finance*, OUP
- 3) Rangarajan and D.K. Srivastava, "*Fiscal Deficit and Government Debt: Implications for Growth and Stabilization*", Economic and Political Weekly, July 2, 2005, pp 2919-2924 and 2931-2933 (Only Sections 1,2,3 and Policy Options)

II.3 Fiscal Federalism in India

- 1) M. Govinda Rao (2005), "Changing Contours of Federal Fiscal Arrangements in India", Amaresh Bagchi (ed), "*Readings in Public Finance*"
- 2) Report of the 13th Finance Commission, 2010-15: Ch 6 (Union Finances: Assessment of Revenue and Expenditure), Ch 7 (State Finances: Assessment of Revenue and Expenditure and Structural Reforms) and Ch 8 (Sharing of Union Tax Revenues) [Available at <http://fincomindia.nic.in/ShowContentOne.aspx?id=28&Section=1>]
- 3) Report of the 14th Finance Commission: *Terms of Reference* (available at <http://fincomindia.nic.in/ShowPDFContent.aspx>)
- 4) V. Bhaskar, "*Issues before the Fourteenth Finance Commission*", Economic and Political Weekly, April 27, 2013, Pp. 31-36